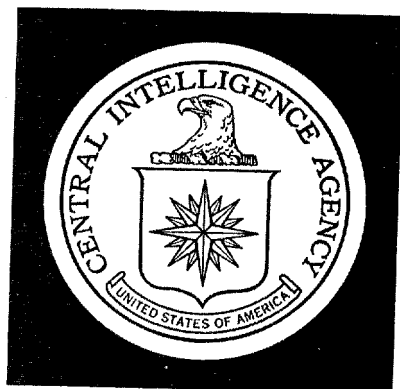


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State Department review completed

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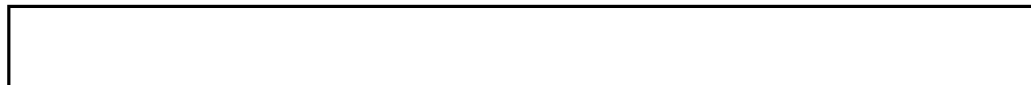
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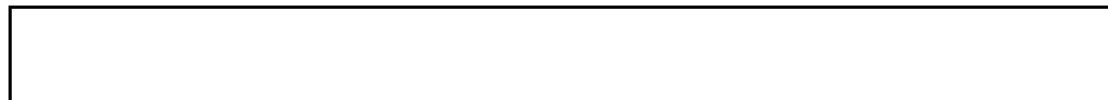
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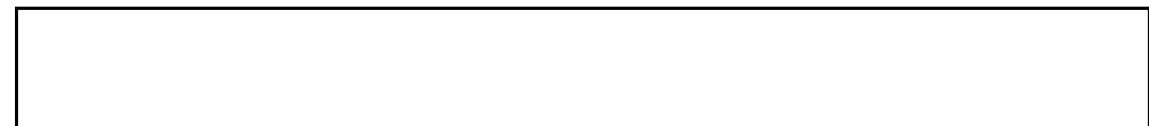


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[Vietnam: The pace of military activity throughout South Vietnam remained generally low on 21-22 May.

Communist gunners hit the market place in the Binh Long provincial capital of An Loc yesterday, killing two civilians and wounding five others. Other shellings during the night of 21-22 May included light bombardments of US bases at Ban Me Thuot, Phan Rang, Bien Hoa, and Dong Tam. The only casualties as the result of these generally ineffective attacks were six Americans wounded.

Several ground clashes broke out in the central highlands, near Xuan Loc to the east of Saigon, and in Dinh Tuong Province. In one action on 21 May, a South Vietnamese force in western Kontum Province was attacked by an enemy force and suffered casualties of seven killed and 67 wounded. In the delta, US forces killed 76 Viet Cong in western Dinh Tuong Province yesterday. There were no American casualties reported in this engagement.

* * * *

A hint that North Vietnam may be having trouble in obtaining satisfactory performance from its armed forces is reflected in a Hanoi Radio broadcast of 22 May.

The broadcast described an unusual meeting between Ho Chi Minh and high-ranking military cadre "from the entire army." The importance of the gathering and the regime's desire to maximize the weight of Ho's words were apparent in the presence of three other members of the politburo's inner circle--party first secretary Le Duan, Premier Pham Van Dong, and Defense Minister Vo Nguyen Giap.]

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[Ho's displeasure was reflected in his call on armed forces cadres to "strenuously develop your strongpoints, overcome your shortcomings, and satisfactorily carry out every task entrusted to you by the party and the government." Ho left no doubt that his listeners were failing in these respects at the moment. Laying down specific tasks for army cadres, Ho said their main job was to carry out North Vietnamese support for the war in the South "more satisfactorily." His emphasis on this point raises the possibility that some members of the North Vietnamese Army may be reluctant to serve in South Vietnam.



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International Communism: Representatives of some 70 Communist parties are gathering in Moscow in a final effort to smooth over differences before the world conference scheduled to open on 5 June.

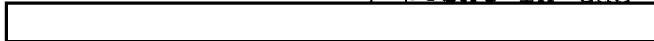
Moscow's major goal is to gain acceptance of a draft of the main conference document on "the struggle against imperialism." Lesser documents on Vietnam, peace, and the Lenin anniversary, which will also come under review at the preparatory meeting, have not proved as controversial.

The meeting in March was unable to agree on the wording or content of the main draft--particularly those sections dealing with "unity of action."



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There are signs that this process has succeeded in at least reducing disagreement. Moreover, political changes in Czechoslovakia have cut some of the ground from under those who were using the invasion as an excuse to be obstreperous. The Soviets also have applied pressure to recalcitrants, notably the French, Italian, Rumanian, and Mexican parties. There is no indication, however, that Moscow has been able to persuade Cuba, North Korea, or North Vietnam to attend. Three other governing parties--China, Albania, and Yugoslavia--will also be absent. Nonetheless, Moscow is clearly closer to achieving its world conference than at any point in the last five years.



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Western Europe: The discussion of Europe's organization, reopened by the changing situation in France, was further enlivened by Franz-Josef Strauss' visit to London this week.

In several public appearances, the German finance minister--consistent with his "European" stand in recent years--advocated immediate steps toward a European federation. He contended that negotiations to admit Britain to the European Communities should begin as soon as the French elections are over. He stressed, moreover, that moves toward political union should not have to wait until Britain becomes a full member of the communities.

Strauss also spoke about a nuclear weapons force in a federated Europe. As a first step, he suggested the pooling of British and French nuclear weapons. If the weapons were later deployed in other countries, Strauss envisaged a system whereby these countries could veto their use but could not order their commitment.

According to the US Embassy in London, British officials and parliamentarians enthusiastically received Strauss' speech at one gathering. Prime Minister Wilson, however, later commented negatively on the pooling of British and French nuclear forces at this time. In general, the British press welcomed Strauss' support of British entry into the communities and the idea of a federated Europe as a long-range goal, but some papers questioned the wisdom of making a nuclear force or federation priority items at this time.

A West German foreign office official views Strauss' proposals as an example of his political adroitness in advocating proposals that "suit the temper of the times" as well as improve his own political prospects. The official doubted that Strauss' proposals for a European nuclear force had been thought through in any detail. [REDACTED]

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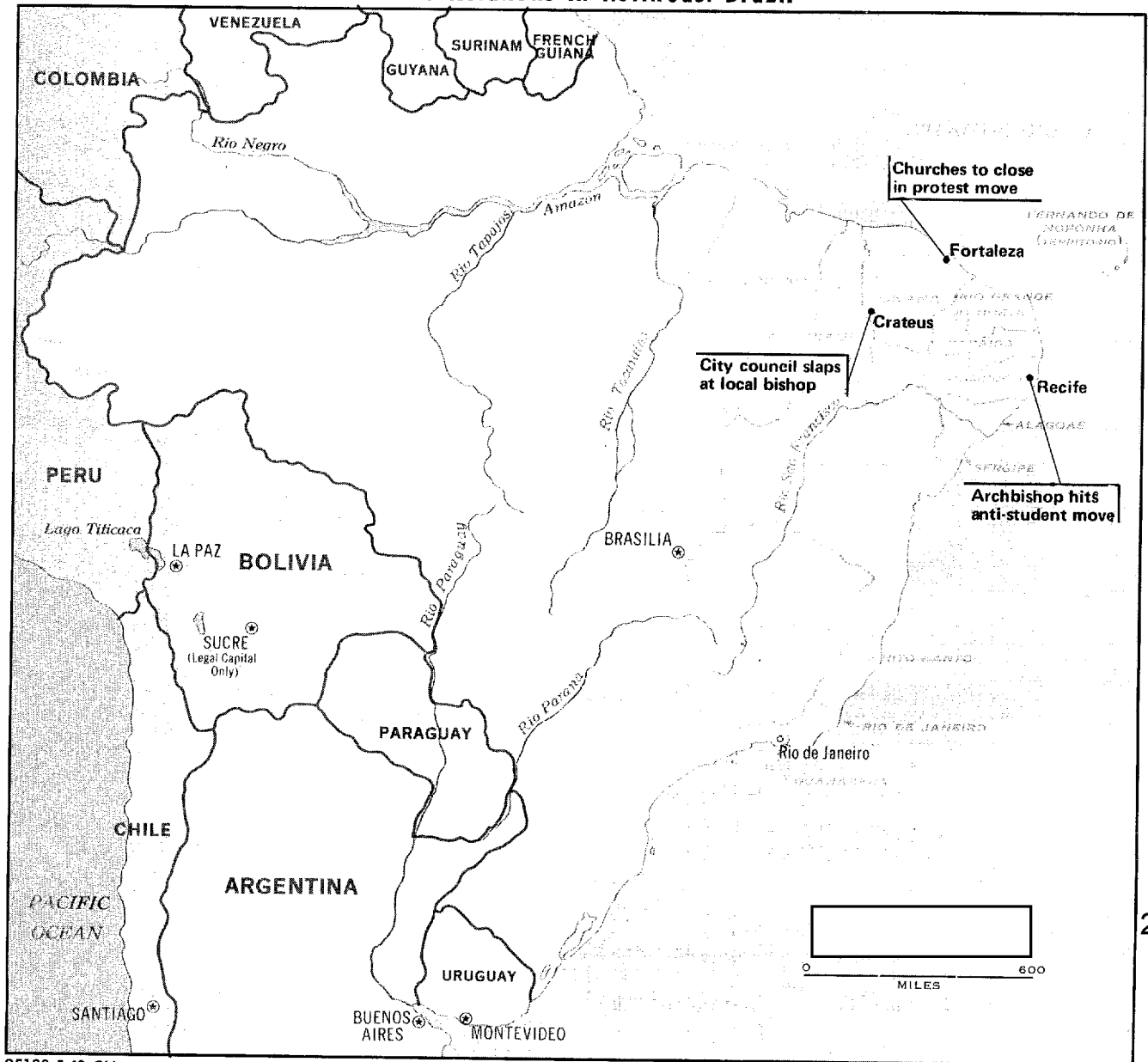
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New Incidents Strain Church-State Relations in Northeast Brazil



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Brazil: Church-state relations are becoming severely strained in the northeast, and developments there are likely to have an impact on the rest of the country.

Churches in Fortaleza, capital of the state of Ceara, will be closed on Saturday and Sunday to protest the sentencing of a priest to a year in prison for "offending" the armed forces. This closing could serve as a model for other liberal churchmen frustrated by the government's repression of opposition forces and its inaction on social development and reform.

Additional church-state tension in Ceara stems from action by the municipal council of Crateus, which has declared the city's extremely liberal bishop "persona non grata" because he demoted his conservative vicar general. In retaliation, the Fortaleza archdiocese intends to declare the councilmen "personae non gratae" to the church--a step which clearly will inflame tempers further.

The church is also becoming more deeply involved with northeast students who are being punished by the government. The controversial liberal Recife archbishop, Dom Helder Camara, has issued a statement highly critical of the arbitrary expulsion of students accused of "subversion." Some priests hope to organize a student protest movement, and their actions are being closely watched by military officers who fear any alliance between leftist students and progressive clergymen.

In the past both government and church officials have tried to avoid an open confrontation. These incidents, however, have widened the chasm between progressives in the church and conservatives, especially those in the military, and they indicate

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that individual church leaders are now willing to take more forthright antigovernment actions. If moderate church leaders--by far the majority in Brazil--decide to back their liberal colleagues, the government may well face its most serious challenge to date.

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Rhodesia-UK: Prime Minister Ian Smith's new draft constitution and his proposal to declare Rhodesia a republic are expected to win public approval. This would appear to end any chance of a settlement with Britain.

Although Smith's proposed constitution technically provides for eventual racial parity in parliament, it bars ultimate black majority rule and ensures continued white dominance. Smith announced shortly after the draft was released that he would barnstorm the country to win popular backing for his proposals in the referenda on 20 June.

Although Smith faces minor opposition from both ultrarightists and moderates, and some observers believe that there may be a significant number of abstentions and "no" votes, both proposals should pass without much difficulty. If Smith wins, it is doubtful that he would try again to arrive at a settlement with Britain or that one could be reached. Smith will probably declare a republic either immediately after the voting or once the constitution is implemented in eight months or so.

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Singapore - Communist China: Singapore has severely limited the activities of the local branch of Peking's Bank of China, which finances a large part of China's trade with Singapore.

Singapore has suspended the bank's use of government clearing house facilities after bank officials failed to appear in court last week to answer government charges of noncompliance with Singapore's liquidity laws; the bank also refused to pay a small fine levied by the court.

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Chinese commercial activities in Singapore have increased significantly since 1967, when Peking transferred a large share of its re-export trade to Singapore following the riots in Hong Kong. China also has been increasing its purchases of rubber through Singapore and supplying increasing quantities of foodstuffs and other consumer goods to Singapore. Last year total trade between the two countries amounted to about \$190 million.

Last year Singapore was China's largest source of foreign exchange after Hong Kong with earnings of some \$45 million. Peking probably will use its branch bank in Hong Kong to finance this trade until the present impasse with Singapore is resolved.

Although Singapore is expected to continue its firm policy toward the bank, the government is concerned over possible political ramifications. The action against the bank coincides with heightened communal tensions caused by last week's Malay-Chinese rioting in Malaysia. Officials in Singapore are apprehensive that the bank's resistance to the government's moves could inspire leftist Chinese demonstrations, which in turn could lead to disturbances.

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NOTES

Western Europe: Foreign exchange markets have remained relatively quiet so far this week. [REDACTED]

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[REDACTED]

[REDACTED] Most speculators apparently still expect that a revaluation of the mark will occur, but not before the French elections in June. Bonn, according to press reports, has again upped reserve requirements on foreign deposits effective 1 June in an attempt to reduce the inflationary impact of any further speculative inflows. [REDACTED]

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Argentina: Violent student demonstrations are continuing; universities in five provincial cities have been closed and the country's second largest city, Rosario, has been put under military rule. Two students were killed by police during a demonstration last week and one more youth was killed this week as students rioted in protest. Leftist extremists are turning the deaths into a major political issue, student indignation is running high, and more trouble can be expected. [REDACTED]

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Guatemala: The pro-Cuban Rebel Armed Forces has announced that it was responsible for Tuesday's well-planned bombing of a Guatemala City television station which caused nearly a half million dollars in damage. [REDACTED]

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25X1 Dahomey: A general strike that has been threatened for the past two weeks has thus far failed to materialize, and President Zinsou has had some success in disrupting labor solidarity. The situation remains volatile, however, with secondary school teachers, students, and some civil servants continuing to defy government demands that they end their walkout. They were joined yesterday by railway and medical workers. Other government employees may follow suit if Zinsou does not make concessions soon. [REDACTED]

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25X1 Ethiopia: The Eritrean Liberation Front has stepped up the campaign it began this spring to attract international attention by attacking urban targets. On the night of 17 May, the Front exploded bombs simultaneously at the Ethiopian Consulate in Djibouti and at facilities of the Ethiopia-Djibouti railway. Two days later, the insurgents attacked a train outside Asmara, kidnaped the crew, burned the cars, and sent the engine careening through the city. The Front's well-coordinated attacks on Ethiopian targets, at home and in neighboring countries, appear to be an effective tactic, providing both publicity and an opportunity to add to the burdens of the Ethiopian security forces. [REDACTED]

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